

State of Alabama EBO Form No. 4a		<b>AGENCY BUDGET REQUEST STRATEGIC PLAN SUMMARY</b>		Alabama Alcoholic Beverage Control Board Agency 002 Page 1 of 7		
<b>AGENCY</b>	Code of Alabama , 1975, as Amended	<b>Actual</b>	<b>Budget</b>	<b>Estimate</b>		
		<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>		
<b>MISSION</b>	To provide a method of controlling and distributing alcoholic beverages, issuing licenses, promoting temperance, enforcing the laws of Alabama, and collecting tax dollars for distribution to the General Fund, state agencies, counties and cities.					
<b>VISION</b>	To maintain control of alcoholic beverages and tobacco and sales to minors.					
<b>VALUES</b>	Committed to promote temperance and control age restricted products through education and enforcement of Alabama laws in coordination and cooperation with other state agencies and local governments.					
<b>CRITICAL ISSUES</b>						
<b>Internal</b>	Enforcing Title 28 Code of Alabama, 1975, controlling alcohol and tobacco products with limited resources. Staffing with qualified personnel and to maintain a low turnover rate. Educating merchants who sell age restricted products.					
<b>External</b>	Legislative appropriation for reinvesting into store operations to increase the number of stores that will increase revenues for distribution, as stated in the mission statement.					
<b>PROGRAM</b>	<b>671 PRODUCT MANAGEMENT PROGRAM</b>					
<b>ACTIVITY 1</b>	<b>0494 Warehouse</b>					
<b>MISSION</b>	To provide an efficient warehouse operation for the ABC wholesale system.					
<b>GOAL(S)</b>	To provide an effective receipt, storage and distribution center for all distilled spirits and fortified wine sold in the state.					
<b>ASSUMPTIONS</b>	The state retains the existing control of alcoholic beverages. Expenses due to inflation, annual raises, & benefits will increase by 5% plus warehouse expansion. Capital Outlay Improvements completed FY 2005 - Warehouse conveyor					
<b>CRITICAL ISSUES</b>						
<b>Internal</b>	Lack of trained staff to operate new automated warehouse system for FY 2005.					
<b>External</b>	The state remain as the wholesaler for all distilled spirits. Dependence upon outside sources to train existing personnel					
<b>OBJECTIVES</b>						
<b>Spending</b>	Maintain spending at less than present level adding warehouse expansion & conveyor system.	\$1.9 m	\$1.9 m	\$2.3 m		

	Capital Outlay Improvements completed FY 2005 for the warehouse automated conveyor		\$1.0 m	\$1.5 m	0
	FY2004 Capital Outlay Improvements completed FY 2005			\$2.5 m	0
Staffing	Cut staffing by at least 20% due to automating the ware	FTE	0	-3	-9
Efficiency	Reduce staffing while maintaining productivity rate with Cases		1.85 M	1.90 M	2.05 M
Quality	Receiving & shipping errors should be reduced by 25% improving warehouse and store operations. The new system should monitor number cases shipped per day, per week, per month.				
STRATEGIES	Install automated conveyer system to pick and load merchandise. Utilize scanners to receive and the automated conveyor scanners to ship merchandise.				
<b>ACTIVITY 2</b>		<b>0495 Stores</b>			
MISSION	To provide an efficient retail and wholesale distribution system for all distilled spirits and fortified wines.				
GOAL(S)	To provide a pleasant environment for both retail and wholesale customers to purchase distilled spirits and fortified wines in Alabama.				
ASSUMPTIONS	The state continues to control the sale of alcoholic beverages. Gross Dollar Sales volume will continue at a 3.6% increase. Distributable taxes and net revenues at a 3.3% increase (State, County, City)		285.7 m \$166.7 m	297.0 m \$173.0 m	315.0 m \$181.0 m
CRITICAL ISSUES					
Internal	Improve the quality of personnel in stores. The state continue to operate retail and wholesale stores for distilled spirits. Improve product mix in stores.				
External	Increase the labor pool for store cashiers either by converting to direct hire or some other means agreed upon with State Personnel.				
OBJECTIVES					
Spending	Increase overall spending by 16.7% and lease facility improvements. Rental expense will increase approximately 8.3%		27.4 m \$5.1 m	28.7 m \$5.7 m	33.5 m \$5.8 m
Staffing	Increase staffing by 8.3% to operate projected store op	FTE	525	535	574
Efficiency	Future years of new store operations will increase distributable revenues.				
Quality	Ratio of sales to retail expense. (Sales first year's or a partial year in a new store will be less) Distributable taxes and net revenues at a 3.3% increase (State, County, City)		10.4	10.4	9.6
STRATEGIES	Implement the Store Manager I, II, and III classifications for stores with more responsibility. Increase the labor pool for store cashiers either by converting to direct hire or some other means.				

	Set appropriate shelf space for each product in each store utilizing computer programs. Removing slow moving items emphasizing the products that sell & increase revenues for the state.			
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## Alabama ABC Board

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		Actual FY 04	Budget FY 05	Estimate FY 06
<b>PROGRAM</b>	<b>671 PRODUCT MANAGEMENT PROGRAM</b>			
<b>ACTIVITY 3</b>	<b>0496 Product Management Admin.</b>			
<b>MISSION</b>	To provide effective purchasing, transportation scheduling, pricing, and real estate functions to support the warehouse and stores operations.			
<b>GOAL(S)</b>	To provide timely and accurate purchasing of alcoholic beverages. To provide timely and accurate pricing of alcoholic beverages. To provide accurate and reliable information to the Administrator concerning all real estate.			
<b>ASSUMPTIONS</b>	The state retains the existing control of alcoholic beverages. To maintain an annual average stores product inventory. NOTE: (FY 2004 store inventories were higher because of the warehouse renovations.) To reduce security risk in ABC Stores with security cameras and recording equipment.	13.2 m	11.0 m	11.0 m
<b>CRITICAL ISSUES</b>				
<b>Internal</b>	Improve inventory control procedures in warehouse and stores. Improve the efficiency of the pricing function. Increase number of stores with the appropriated spending authority provided. Improve the process of locating the best possible site for all ABC stores.			
<b>External</b>	The state continues to lease property for the ABC retail and wholesale outlets. Legislative appropriation for reinvesting into store operations to increase the number of stores that will			
<b>OBJECTIVES</b>				
<b>Spending</b>	Increase overall expenses by no more than 5% plus lease facility improvements.	765.7 k	817.5 k	949.8 k
<b>Staffing</b>	Maintain current staffing level with annual raises and inç	FTE 14.3	15.0	15.0
<b>Efficiency</b>	Hold inventory levels at 30 days or less in the warehouse and stores. Note: Annual average product store inventory turn is higher for FY2004 because of th Days Turn	43.7	30.0	30.0

	<p><b>Quality</b> Provide quarterly pricing to stores and suppliers at least 10 days prior to the effective date. Improve all store locations when the current leases expire. Open 10 new stores provided there is adequate Legisla</p>	No. Stores	143	146	156
	<p><b>STRATEGIES</b> Develop a more efficient method of monitoring all inbound and outbound shipments of alcoholic beverages. Automate pricing process with suppliers. Develop a plan to obtain as many proposals as possible on all potential store sites. Purchase and install up to date security equipment to protect employees and prevent thief.</p>				
<b>PROGRAM</b>		<b>672 ENFORCEMENT PROGRAM</b>			
<b>ACTIVITY 1</b>		<b>0499 Enforcement</b>			
	<p><b>MISSION</b> To provide effective administration, regulation, and law enforcement services to the citizens of Alabama.</p>				
	<p><b>GOAL(S)</b> To issue and administer alcoholic beverage licenses and tobacco permits. To regulate licensed and permitted locations through the Administrative Procedures Act. To enforce the laws of the State of Alabama.</p>				
	<p><b>ASSUMPTIONS</b> Overall expenses due to inflation, increased fuel prices, merit raises, and benefits will increase by 5%. There are 41 wet counties &amp; 12 wet cities in dry counties to enforce alcohol laws (Increasing in number) &amp; 67 counties selling tobacco products with all the cities in Alabama to enforce tobacco laws.</p>	\$8.8 m	\$8.8 m	\$10.3 m	
	<p><b>CRITICAL ISSUES</b></p>				
	<p><b>Internal</b> Improve technology to increase efficiency and accuracy. Maintain programs and activities related to regulatory and law enforcement responsibilities.</p>				
	<p><b>External</b> Replacement of employees lost due to retirement, resignation, or termination is delayed. Increased responsibilities are demanding on the limited sworn officers employed. Mental Health grants require 2,000 Enforcement SAPTBG minor operative checks annually or MH would be penalized 40%, \$9.6 millions in federal funds. (see attached) The ABC Enforcement Division cannot receive any grant money for this project.</p>				
	<p><b>OBJECTIVES</b></p>				
	<p><b>Spending</b> Increase overall expenses by no more than 5%. Excludes Federal Grants.</p>				

	<b>Staffing</b>	Increase the number of sworn officer positions.	No. Agents	90	98	104
	<b>Efficiency</b>	Increase productivity of the division by at least 5%. (Alcohol & Tobacco Compliance Checks)				
	<b>Quality</b>	Complete a mandated minimum of 450 SYNAR Minor Compliance Checks for Tobacco Enforcement.	520	525	550	
		Complete a minimum of 2000 Minor Compliance Checks for Alcohol Enforcement.	2,200	2,200	2,200	
		Number of Liquor License issued.	12,883	13,000	13,200	
		Number of Tobacco Permits issued. (NOTE: No fee received for Tobacco Permits)	9,625	9,650	9,700	
		Number of inspections of Licensee's and Permittee's premises inspected.	11,349	11,500	12,000	
		Number of cases against Licensees and Permittees and criminal cases	3,754	3,800	3,850	
	<b>STRATEGIES</b>	1. Provide adequate training to sworn officers to increase knowledge, efficiency, and effectiveness. 2. Provide adequate equipment to sworn officers to complete their mission safely. 3. Compare performance levels of sworn officers to identify and assist low performers. 4. Provide enforcement help to local cities and counties upon request.				
	<b>PROGRAM</b>	<b>673 ADMINISTRATIVE PROGRAM</b>				
	<b>ACTIVITIES</b>	<b>0500 Accounting and Budgeting</b>				
	<b>MISSION</b>	To accurately report the financial position and statement of operations of the ABC Board.				
	<b>GOAL(S)</b>	To administer the accounting functions within the State of Alabama Fiscal Policies and Procedures, the Governmental Accounting Standards Board, and Title 28, Code of Alabama 1975.				
	<b>ASSUMPTIONS</b>	To maintain a high accuracy of the computerized accounting system will require continuous upgrades. Personnel cost will increase with annual raises and promotions to retain valuable employees. To maintain a central supply and mail room for the ABC Board.				
	<b>CRITICAL ISSUES</b>					
	<b>Internal</b>	Monitor and upgrade the new computerized accounting system.				
		Maintain budget programs and activities related to area of division responsibility.				
	<b>External</b>	Legislative funding should be provided to generate new revenues for the General Fund.				
		Legislative appropriation should be provided to upgrade computerized operations of stores and central office				
	<b>OBJECTIVES</b>					
	<b>Spending</b>	Increase overall expenses by no more than 13% (increases for computer accounting maintenance)	838.3 k	917.0 k	1,040.0 r	
	<b>Staffing</b>	Timely replacement of FTE employees in a small staff c	FTE 13.8	14.0	14.0	
	<b>Efficiency</b>	Continue training employees in the use of computers and the accounting software.				
	<b>Quality</b>	Quality of financial data should be provided on a timely basis to management.				

<b>STRATEGIES</b>	1. Provide adequate training to the accounting staff to increase knowledge, efficiency, and effectiveness. 2. Provide a better method of controlling budget expenditure for the ABC Board with new software. 3. Provide a better method of controlling cost of goods sold and identifying accountability of inventory.			
<b>ACTIVITY 2</b>	<b>0501 PERSONNEL DIVISION</b>			
<b>MISSION</b>	To provide effective personnel support to other divisions of the ABC Board.			
<b>GOAL(S)</b>	To provide timely personnel registers to employ staffing for the ABC Board as requested. To maintain accurate historical personnel files as required.			
<b>ASSUMPTIONS</b>	Personnel costs will increase with merit raises and promotions for the retention of employees.			
<b>CRITICAL ISSUES</b>				
<b>Internal</b>	To maintain privacy of personnel records. To store data on media easily accessible on compact disk.			
<b>External</b>	Assist applicants as needed to apply for appropriate classifications. Work with State Personnel to assure proper staffing for the ABC Board. Coordinate with other state agencies for employee insurance, retirement, and social security benefits to determined eligibility.			
<b>OBJECTIVES</b>				
<b>Spending</b>	Increase overall expenses by no more than 2.3%	306.1 k	406.2 k	415.4 k
<b>Staffing</b>	Timely replacement of FTE employees in a small staff c	FTE 4.5	5.8	5.8
<b>Efficiency</b>	Put paper files on compact disk (CD's) media to reduce file cabinet space. (No. of employee historical files)			
<b>Quality</b>	Provide management with timely personnel information. Maintain up to date personnel files for current employees. Maintain privacy of employee files.			
<b>STRATEGIES</b>	With new digital equipment and new office space, privacy and management of files will be maintained.			

<b>PROGRAM</b>	<b>673 ADMINISTRATIVE PROGRAM</b>			
<b>ACTIVITY 3502</b>	<b>RESPONSIBLE VENDOR/ALCOHOL AWARENESS</b>			
<b>MISSION</b>	To provide information, awareness, and merchant education on alcohol and tobacco products.			
<b>GOAL(S)</b>	To administer the Responsible Vendor Program in accordance with Title 28, Code of Alabama, 1975. To conduct alcohol and tobacco training for merchant selling procedures to underage persons. To distribute pamphlets and material information on age restricted products.			
<b>ASSUMPTIONS</b>	The RVP/AA Program will be staffed to completely cover the state. plus one compliance specialist classification.			
<b>CRITICAL ISSUES</b>				
<b>Internal</b>	To employ one compliance specialist to train and educate merchants and the public in southwest Alabama. To provide pamphlets and materials at exhibits for tobacco and alcohol prevention and for the underage.			
<b>External</b>	Request the Legislature for appropriate funding essential to promote temperance and prevention of access to age restricted products. Provide materials and training to the public; and report results to Dept. of Mental Health accomplished tasks.			
<b>OBJECTIVES</b>				
<b>Spending</b>	Increase staff spending to cover the state and one compliance specialist's salary, benefits, and travel.	654.6 k	605.5 k	865.4 k
<b>Staffing</b>	Increase funds for one more compliance specialist for Mobile and southwest Alabama.	9.8	9.8	10.8
<b>Efficiency</b>	To provide better response and coverage for merchants by having an employee living in the Mobile area.			
	To provide materials and training sessions to merchants and the public.	25,000	25,000	25,000
<b>Quality</b>	Increase number of merchants trained for age restricted products sold in the Mobile area.			
<b>STRATEGIES</b>	1. Provide adequate training to compliance specialist to increase knowledge, efficiency, and effectiveness. 2. Provide adequate equipment to compliance specialist to conduct their mission safely. 3. Evaluate, identify, and assist low performing merchants (I.e., those that sell to teenagers). 4. Compare performance levels of compliance specialist to identify and assist low performers. 5. Provide education materials and training to merchants and to the public concerning use and abuse of alcohol and tobacco and sells of age restricted products.			

<b>ACTIVITY 4</b>	<b>0503 AGENCY ADMINISTRATIVE DIVISION</b>			
<b>MISSION</b>	To Administer the day to day operations of the ABC Board under the direction of the appointed Board members within Title 28 Code of Alabama, 1975.			
<b>GOAL(S)</b>	Control and customer service remain top priorities in our efforts to increase revenues while maintaining a high degree of service, enforcement, and education.			
<b>ASSUMPTIONS</b>	The ABC Board will continue to increase revenues by the Legislative body appropriating sufficient funding to staff current and additional stores with an increase of 5%.			
<b>CRITICAL ISSUES</b>				
<b>Internal</b>	To monitor inventory controls and cost of goods sold. To monitor financial statement of position and revenues and expenditures. To review purchases to control cost of operations.			
<b>External</b>	Legislative funding must be provided to adequately bring in new revenues for the General Fund.			
<b>OBJECTIVES</b>				
<b>Spending</b>	Agency funding should be stable. One increase for an additional attorney to offset outsourcing legal fees	\$1.2 m	\$1.0 m	\$1.1 m
<b>Staffing</b>	One additional attorney will reduce outside attorney fees.	4.5	5.0	6.0
<b>Efficiency</b>	To decrease outside attorney expenses to be used in Board and Commission Hearings.			
<b>Quality</b>	To provide specialized in-house counsel to the ABC Board for day-to-day operations.			
<b>STRATEGIES</b>	Request from the State Legislature a supplemental appropriation to complete the required tasks of completing the facility improvements, computer enhancements, and operating functions of the ABC Board.			
<b>PROGRAM</b>	<b>673 ADMINISTRATIVE PROGRAM</b>			
<b>ACTIVITY 5</b>	<b>0504 INFORMATION SYSTEMS DIVISION</b>			
<b>MISSION</b>	To provide efficient computer, networking and telecommunication software, hardware, and service to all ABC Board users across the state.			



<b>GOAL(S)</b>	<p>To provide computer and networking support to all users.</p> <p>To provide computer software support to all users.</p> <p>To provide telecommunication support to all users.</p> <p>To provide maintenance and technical support to all users.</p> <p>To represent ABC Board with IT support statewide and nationally in various committees and other organizations.</p>			
<b>ASSUMPTIONS</b>	<p>To maintain a high accuracy of the computerized system will require continuous upgrades.</p> <p>Personnel cost will increase with annual raises and promotions to retain valuable employees.</p>			
<b>CRITICAL ISSUES</b>				
<b>Internal</b>	<p>Adequately train employees and provide backups for all positions.</p> <p>Hire employees and/or consultants for networking support.</p> <p>To maintain current equipment and upgrade software in stores and central office.</p>			
<b>External</b>	Become more involved in ISD, NABCA, and other agencies, organizations, states, etc. to obtain new ideas and more efficient means of performing computer and telecommunication-related functions.			
<b>OBJECTIVES</b>				
<b>Spending</b>	Increase spending by no more than 10%. Increase 3 programmers.	\$1.2 m	\$1.2 m	\$1.4 m
<b>Staffing</b>	Hire employee(s) and/or consultants for networking and	FTE 14.5	15.0	18.0
<b>Efficiency</b>	Provide necessary training to increase productivity and knowledge in programming area.			
<b>Quality</b>	Review and seek outside assistance on security and networking ideas and alternatives.			
<b>STRATEGIES</b>	<p>Work more with our beer wholesalers, table wine wholesalers, etc. statewide and nationally to receive required data electronically.</p> <p>Meet and work with other states in data-exchange and performing similar functions to exchange ideas, provide support, and decrease chance of mistakes.</p> <p>Complete the networking and licensing project with our Enforcement District offices.</p> <p>Research possibility of creating a faster networking scheme for our retail/wholesale stores.</p> <p>Complete the Accounting/Lawson project.</p> <p>Complete the Warehousing project including the conveyor and receiving system.</p> <p>Complete the Store Manager, Inventory and Receiving Systems in all of our stores.</p> <p>Research a new Product Management System.</p> <p>Research new technologies for use in our retail and wholesale stores.</p> <p>Enhance our network with more security, new features and proper backups.</p> <p>Enhance web site to provide more up-to-date information, forms, and other requested features.</p>			

	Develop and implement a Disaster Recovery Plan for the ABC Board.			
<b>PROGRAM</b>	<b>673 ADMINISTRATIVE PROGRAM</b>			
<b>ACTIVITY 6</b>	<b>0505 AUDITING DIVISION</b>			
<b>MISSION</b>	To audit all aspects of state alcohol management as set out in Title 28, Code of Alabama, 1975.			
<b>GOAL(S)</b>	To ensure collection of all alcohol revenues as levied. To ensure that all accounting records and financial statements are in accordance with generally accepted accounting principles. To audit for compliance with the laws of the State of Alabama.			
<b>ASSUMPTIONS</b>	Revenues will increase on average 3% per year. Collection of Beer and Wine Taxes for the state and counties Continue to Audit Wholesale Beer and Wine companies and retail as needed.	\$61.7 m	\$62.0 m	\$62.5 m
<b>CRITICAL ISSUES</b>				
<b>Internal</b>	Work with other divisions to implement product scanning technology. Audit of wholesale beer and wine companies and collection of taxes and penalties.			
<b>External</b>	Resolution of the table wine tax lawsuit.			
<b>OBJECTIVES</b>				
<b>Spending</b>	Increased expenses only as necessary for annual raises and benefits.			
<b>Staffing</b>	Maintain staffing at present level.	FTE 10.5	11.0	11.0
<b>Efficiency</b>	Increase efficiency through the implementation of scanning technology.			
<b>Quality</b>	Collection of additional taxes from wholesale beer and wintes distributors. Audit the inventory of ABC Stores and the warehouse. Continue our 100% auditing for state liquor, beer, and wine revenues.			
<b>STRATEGIES</b>	To audit all sources of revenue within set time frames on a continuing basis. Audit of 21 of the 63 wholesale beer and wine companies annually and collection of taxes Audit 25 ABC Stores annually and report findings to the Administrator.			

	<p>Audit the central office warehouse quarterly and report findings to the Administrator. Continuous audit of the Accounting Division and report findings to the Administrator.</p>				
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0	-46,816	0

31,454,010
1,500,000
32,954,010
-32,954

		5,522,198	7,902,741	11,174,877	11,794,894	12,284,687	22,348,131
						1.043	1.075
	2000	2001	2002	2003	2004	2005	2006
285690391	249,295,681	254,817,879	262,720,620	273,895,497	285,690,391	297,975,078	320,323,209
299974911		2.2150%	3.1010%	4.2540%	4.3060%	4.3000%	7.5000%
						3.89%	
166.7	172.7	178.9					
	151793399	151,069,473	157,508,329	161,379,571	166,689,205	173,868,458	181,356,972
		-0.4770%	4.2620%	2.4580%	3.29%	4.3070%	4.3070%
						3.34%	
				41.08%	100.00%	41.65%	43.38%
					143.43%		
					58.35%		
	574				525	535	574
	535				\$544,172	556,963	558,054
	39						
0.0728972							





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